

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
LEHMAN BROTHERS HOLDINGS INC., *et al.*, : Case No. 08-13555 (SCC)
Debtors. : (Jointly Administered)
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**STIPULATION AND ORDER REGARDING
AMENDMENT AND REDUCTION OF PROOFS OF
CLAIM NOS. 20421, 21140, 21146, AND 21217**

WHEREAS, on September 21, 2009, QVT Fund LP (“QVT Fund”) filed a proof of claim against Lehman Brothers Special Financing Inc. (“LBSF”) (Claim No. 21217) in the amount of not less than \$257,669,148, plus interest, fees, costs and other expenses allegedly due under a certain ISDA Master Agreement, dated February 26, 2005, and a claim in the same amount against Lehman Brothers Holdings Inc. (“LBHI”) (Claim No. 21140) as guarantor of LBSF’s obligations.

WHEREAS, on September 21, 2009, Quintessence Fund L.P. (“Quintessence Fund”) filed a proof of claim against LBSF (Claim No. 20421) in the amount of not less than \$28,959,067, plus interest, fees, costs and other expenses allegedly due under a certain ISDA Master Agreement, dated June 18, 2007, and claim in the same amount against LBHI (Claim No. 21146, and together with Claim Nos. 21217, 21140 and 20421, the “Proofs of Claim”) as guarantor of LBSF’s obligations.

WHEREAS, LBSF and LBHI (collectively, “Lehman”) objected to the Proofs of Claim filed by QVT Fund and Quintessence Fund (collectively, “QVT”) in the Debtor’s One Hundred Fifty-Fifth Omnibus Objection to Claims (Valued Derivative Claims) [Dkt. No. 17468] dated June 7, 2011.

WHEREAS, on January 30, 2014, Lehman issued a Notice of ADR Procedures and Scheduling of Claims Objection Hearing [Dkt. No. 42391]. The parties then engaged in a lengthy mediation that was ultimately unsuccessful. Since the mediator terminated the mediation in November 2014, the parties have proceeded to litigate Lehman's objections to the Proofs of Claim, and are scheduled for a two week trial before this Court commencing on January 18, 2017.

WHEREAS, as part of its ongoing review of its Proofs of Claim in light of Lehman's objections, QVT concluded that the original Proofs of Claim contained mathematical errors, and a double-counting of margin collateral which was offset against the claimed amounts.

WHEREAS, on June 7, 2016, QVT filed a motion to amend and reduce Claim Nos. 21217, 21140, 20421 and 21146; and

WHEREAS, the parties have met and conferred, and agreed to certain revisions to the Proposed Order submitted by QVT in connection with its motion to amend and reduce Claim Nos. 21217, 21140, 20421 and 21146.

NOW, THEREFORE, the parties hereby stipulate and agree that:

1. The amounts set forth in Proof of Claim Nos. 21217, 21140, 20421, and 21146, which exceed the amended amounts expressly provided for in this Order, are deemed expunged; provided that in all other respects the amended Proofs of Claim remain on file in their entirety, with the rights of all parties thereto preserved, and provided further that QVT Fund and Quintessence expressly reserve all rights to assert claims for fees, costs and expenses incurred in connection with the claims which form the basis for the Proofs of Claim, in amounts to be determined, and such unliquidated claims are not hereby expunged, and the rights of all parties with respect thereto are preserved.

2. QVT Fund shall file and the Claims Agent is directed to accept an Amended Proof of Claim No. 21217 against LBSF in the amount of \$237,941,254.57 (reduced from \$257,669,148.00).

3. QVT Fund shall file and the Claims Agent is directed to accept an Amended Proof of Claim No. 21140 against LBHI in the amount of \$237,941,254.57 (reduced from \$257,669,148.00).

4. Quintessence Fund shall file and the Claims Agent is directed to accept an Amended Proof of Claim No. 20421 against LBSF in the amount of \$27,057,420.54 (reduced from \$28,959,067.00).

5. Quintessence Fund shall file and the Claims Agent is directed to accept an Amended Proof of Claim No. 21146 against LBHI in the amount of \$27,057,420.54 (reduced from \$28,959,067.00).

6. This Court shall retain jurisdiction to hear and determine all matters arising from or related to this order.

Dated: July 8, 2016
New York, New York

/s/ Laura Washington Sawyer
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Dated: July 8, 2016
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Dated: July 8, 2016
New York, New York

SO ORDERED

/S/ Shelley C. Chapman
UNITED STATES BANKRUPTCY JUDGE